



Department of Justice

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JUSTICE DEPARTMENT CHALLENGES JOINT SALES AGREEMENT BETWEEN CITADEL COMMUNICATIONS AND TRIATHLON BROADCASTING

Citadel and Capstar Radio Partners Agree to Terminate JSA

WASHINGTON, D.C. -- The Department of Justice today filed a lawsuit against Citadel Communications Corporation and Triathlon Broadcasting Company challenging a Joint Sales Agreement (JSA) between the two companies' radio stations in Colorado Springs, Colorado and Spokane, Washington. The lawsuit also challenges Triathlon's acquisition of three radio stations in Spokane.

The lawsuit, filed today in U.S. District Court in Washington, D.C., charges Citadel and Triathlon with eliminating price competition between the companies' radio stations. At the same time, the Department filed a proposed agreement that, if approved by the court, would settle the case.

A Joint Sales Agreement allows one radio station to set prices and sell advertising time for both itself and a competing station.

"The joint sales agreement in Colorado Springs and Spokane has reduced the choices that advertisers have available," said Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division. "The termination of the JSA in this matter means that advertisers will have more choices and markets will be more competitive."

According to the complaint, in Colorado Springs, Citadel currently sets prices and sells advertising on KKFM-FM, KKMFG-FM and KKLI-FM, which are owned by Citadel, as well as Triathlon-owned radio stations KVUU-FM, KSPZ-FM, KVOR-AM, and KTWK-AM. Together, these stations represent approximately 58 percent of the Colorado Springs radio market as measured by advertising revenues.

In Spokane, Citadel currently sets prices and sells advertising under the JSA on KAEP-FM, KDRK-FM, KJRB-AM and KGA-AM, which are owned by Citadel, as well as Triathlon owned radio stations KKZX-FM, KEYF-FM, KEYF-AM, and KUDY-AM. Triathlon also owns KNFR-FM, KISC-FM, and KAQQ-AM. Citadel sells advertising on Citadel and Triathlon owned stations that represent 44 percent of the Spokane radio advertising market, while Triathlon sells on behalf of its other stations, which represent approximately 26 percent.

Capstar Broadcasting Corporation has announced plans to acquire Triathlon. Under the terms of the settlement, Citadel and Capstar will terminate the existing Citadel/Triathlon JSA pursuant to their agreement with the Department. In addition, Capstar has agreed to divest KEYF-FM in Spokane.

Capstar and Citadel also have agreed among themselves to exchange certain radio stations. In Colorado Springs, Citadel will own KKFM-FM, KKMFG-FM, KSPZ-FM, KVOR-AM, and KTWK-AM, while Capstar will own KKLI-FM and KVUU-FM. After the exchanges, Citadel will own stations that represent approximately 40 percent of the radio advertising market in Colorado Springs, and Capstar will own stations representing 16 percent. In Spokane, Citadel will own KAEP-FM, KDRK-FM, KEYF-FM, KEYF-AM, KJRB-AM, and KGA-AM, while Capstar will own KKZX-FM, KNFR-FM, KISC-FM, KAQQ-AM, and KUDY-AM. After the exchanges, Capstar and Citadel will each own stations representing about 35 percent of the radio advertising market in Spokane.

Citadel is based in Las Vegas, Nevada and owns approximately 107 radio stations in 20 U.S. markets. Triathlon is based in San Diego, California and owns 31 radio stations in six markets. Capstar is based in Austin, Texas, and owns approximately 309 stations in 76 markets.

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